Medicine Hat
The Gas City

Alberta's 25

MEDIA RELEASE

City of Medicine Hat - 580 First Street S.E. - Medicine Hat, Alberta, T1A 8E8 - (403) 502-8071

FOR IMMEDIATE RELEASE
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CITY APPROVES ENERGY DIVIDEND POLICY

Dividend continues to deliver a Medicine Hat Advantage through subsidized property taxes, utility rates and community projects

Medicine Hat – City Council Monday approved an Energy Dividend Policy that will provide a payment of 6.25 per cent of the City's energy equity or $24.5 million, which ever is greater.

The payout in 2007 is $34.9 million - $24.5 million to subsidize property taxes, $10.1 million to subsidize Gas and Electric Utility rates, leaving $300,000 available for community projects.

"In order for the Energy Division business units – the Gas and Electric Utilities - to remain sustainable and grow, a dividend strategy was required to clarify the amount City Council expects as a dividend and the amount avail able for re-investment in energy resources whether they be gas and oil fields, electric generators or alternate energy projects such as wind, thermal or solar," says Gerry Labas, Energy Division Commissioner and Chief Administrative Officer.

To date, the City's key objectives with the Utility revenues were:

- to meet the heating and electric supply needs of its customers at competitive rates below market.
- to support economic development by selling natural gas at a price that would attract industry to the community.
- to subsidize residential property taxes with revenue from the Gas Utility.

"Because of the depletion of the City's natural gas reserves in recent years, the City is strategically looking at the long-term sustainability of its utilities," says Mayor Garth Vallely. "This is to ensure there is still an "advantage" for Hatters as shareholders of the Gas and Electric Utilities. We must protect and grow our energy assets so current and future residents can maintain ownership of these resources."

Annually, City Council will decide on how the dividend will be used within the community to ensure Hatters continue to see a "Medicine Hat Advantage" in their living costs in this City.

An Energy Division Policy and Procedure has been created that gives City Council the ability to review the policy and recommend amendments in the future.

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For further information, please contact:

Gerry Labas
Chief Administrative Officer
City of Medicine Hat
(403) 529-8222

Jody Lamb
Corporate Communications Manager
City of Medicine Hat
(403) 502-8071